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UNCLAS ANKARA 001421

SIPDIS

SENSITIVE

STATE FOR E, P, EUR/SE AND EB
TREASURY FOR U/S TAYLOR AND OASIA - MILLS
NSC FOR QUANRUD AND BRYZA

E.O. 12958: N/A
TAGS: [ECON](#) [PREL](#) [TU](#)
SUBJECT: TURKEY'S ECONOMY MARCH 5 COB

REF: ANKARA 1406

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Market - Rally Continuing

1. (U) All Turkish markets continued to strengthen in
afternoon trading on March 5, with expectations of the
rallies continuing into March 6.

-- The lira appreciated over 2 percent, to close at TL
1,609,000. According to several market participants (Yapi
Kredi Treasurer Imece, JP Morgan/Chase Treasurer Gumisdis),
Turks switching their lira back into dollars was the main
cause of the lira movement.

-- The benchmark lira-denominated T-bill (March 3, 2004
maturity) strengthened 4.5 percentage points to 58 percent
compounded, with trades at tomorrow settlement lower still at
56.5 percent compounded.

-- The Istanbul Stock Exchange 100 index closed up 2 percent
on the day, in moderate trading volume of TL 486 trillion
(about \$300 million).

Comment

2. (SBU) Both Turkish banks and London-based investment
banks tell us their investors are relying on a second
parliamentary resolution, which they see as unlocking a very
generous U.S. package. These investors see confirmation of
this scenario in the AK Chairman Erdogan and TGS Chief of
Staff Ozkok statements (reftel). There is an additional
element motivating Turkish investors, per the bankers who
serve them: Turks are already invested, want to be
optimistic to protect their own investments, and are likely
to stay in. Some foreign hedge funds are likely to sell on
the good news of the U.S. package's approval, should that
happen.
PEARSON